

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 AGRE-00 INT-05 DOE-15 SOE-02 PA-02 /127 W
-----071414 190922Z /14

R 181248Z JUL 78
FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC 7840

UNCLAS BANGKOK 20318

EO 11652: NA
TAGS: EFIN, TH
SUBJECT: PROJECTED CURRENT ACCOUNT DEFICIT FOR 1978
- CONSIDERED "MANAGEABLE"

1. ACCORDING TO A PRESS INTERVIEW WITH A SENIOR BANK OF THAILAND OFFICIAL, THAILAND'S PROJECTED BALANCE OF PAYMENT DEFICIT FOR 1978 NOW APPEARS LESS SERIOUS THAN EARLIER INDICATED. ALTHOUGH IMPORTS ARE STILL PROJECTED TO ATTAIN A RECORD OF DOLLARS 5.15 BILLION THE CURRENTLY BRIGHTENING EXPORT PICTURE INDICATES THAT THAI EXPORTS WILL TOTAL AN ESTIMATED DOLLARS 3.8 BILLION LEAVING A TRADE DEFICIT OF DOLLARS 1.35. THE OFFICIAL PROJECTED DOLLARS 1.05 BILLION OF THIS SHORT FALL WILL BE MADE UP IN FOREIGN BORROWING (50:50 BY GOVERNMENT AND BY BUSINESS) WHILE INVISIBLES, MAINLY TOURISM, WILL CONTRIBUTE DOLLARS 150 MILLION. THIS LEAVES A CURRENT ACCOUNT DEFICIT OF DOLLARS 150 MILLION.

2. IF THIS PROJECTION OBTAINS THAILAND'S NET RESERVES WILL STILL BE IN EXCESS OF DOLLARS 1 BILLION AT THE END OF 1978.

3. MUCH OF THE NEW OPTIMISM REFLECTED BY BANK OF THAILAND STATEMENT STEMS FROM REVISED CROP ESTIMATION. THE EARLY UNCLASSIFIED

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ONSET OF THE RAINY SEASON THIS YEAR HAS BOOSTED CONSIDERABLY PROJECTED PRODUCTION ESTIMATES FOR RICE AND MAIZE. TAPIOCA EXPORTS ARE ALSO LIKELY TO RISE 20 PERCENT ABOVE PREVIOUS EXPECTATIONS. ADDITIONALLY, THE TWO OTHER MAJOR FOREIGN EXCHANGE EARNERS, TIN AND RUBBER, ARE HOLDING UP EXCEPTIONALLY WELL THIS YEAR.

4. ON THE IMPORT SIDE THE RTG IS NOW FOCUSING ITS EFFORTS ON SLOWING DOWN OIL IMPORTS WHICH ACCOUNTED FOR 20 PERCENT OF TOTAL IMPORT EXPENDITURES IN 1977. IRONICALLY, TO DATE, IMPORTS OF ITEMS WHICH WERE EITHER "BANNED" OR HEAVILY TAXED EARLIER THIS YEAR ARE RUNNING AHEAD OF THE COMPARABLE PERIOD FOR THE PREVIOUS YEAR. (THE RTG PERMITTED IMPDRTS ON LETTERS OF CREDIT ALREADY OPENED AT THE TIME OF THE BAN.) SUCH IMPORTS ARE, HOWEVER, EXPECTED TO DROP CONSIDERABLY DURING THE SECOND HALF OF THE YEAR.
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Message Attributes

Automatic Decaptioning: X
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Draft Date: 18 jul 1978
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